

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 1680, GPO Brooklyn, N.Y. 11202

Date: MAY 25 1968

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on [REDACTED] under the General Laws, Chapter [REDACTED] of the [REDACTED].

The purposes for which the corporation was formed are:

"To provide services, assistance and expertise to meet the needs of the [REDACTED] restaurant owners in the community; To provide educational opportunities for these people in the form of seminars and symposia which will deal with economic social and governmental issues pertinent to said [REDACTED] restaurant owners; To assist, aid and abet in the strengthening of the existing [REDACTED] owners; To provide financial support for educational opportunities to promote training in these businesses; To provide scholarship and aid for such students who may need it.

For the years [REDACTED], [REDACTED] and [REDACTED] your association had no assets, liabilities, receipts or expenses incurred.

The only activity to date has been the formulation of a dividend program for worker's compensation. Through the program, participants are able to obtain worker's compensation insurance at reduced rates. [REDACTED] entered into the program with the [REDACTED] on [REDACTED]. The program is offered to anyone who owns and operates a [REDACTED] restaurant within the state of [REDACTED], [REDACTED], [REDACTED] and [REDACTED].

A general meeting will be held in the spring of [REDACTED], which will highlight a liquor program of prevention and abuse. Other seminars forth coming are lectures explaining insurance coverages and application, state of group medical insurance in [REDACTED], duties of owner.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

Revenue Ruling 74-81, 1974-1 C.B. 135, holds that a nonprofit organization formed to promote the business welfare and interests of persons engaged in the contracting trade and related industries and whose principal activity is to provide its members with group workmen's compensation insurance is not entitled to exemption under Section 501(c)(6) of the Code.

Like the organization described in Revenue Ruling 74-81, your primary activity is the providing of group workmen's compensation insurance to members.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the Code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11207

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,

A large black rectangular redaction box covering the signature of the official.

Enclosure: Publication 892

cc:

A black rectangular redaction box covering the list of recipients for the carbon copy (cc).